

August 7, 2013

Ms. Marlene H. Dortch
Secretary
Federal Communications Commission
445 12th Street SW
Washington, DC 20554

Re: Notice of *Ex Parte* Communication, WC Docket No. 02-60

Dear Ms. Dortch,

On July 10, Teresa Chase, President; Jeff Lincoln, Vice President of Technical Services, and Michael Planchart, Director of Interoperability, of American HealthTech (HealthTech), spoke via telephone with Linda Oliver, Christianna Barnhart, Mark Walker, and Jay Schwarz of the Wireline Competition Bureau; Maya Uppaluru of the Consumer and Governmental Affairs Bureau; Matt Quinn, Director of Health Initiatives; and Wireline Competition Bureau interns Jaimie Douglas and Erica Larson. The purpose of the call was to inform Bureau staff about HealthTech and the broadband needs of skilled nursing facilities (SNFs), in order to help inform the Commission on the design of a Skilled Nursing Facility Pilot Program.

HealthTech is a software company that specializes in serving post-acute care facilities. The software suites they sell bundle electronic medical record systems (EMRs) with other clinical, financial and accounting applications. HealthTech's customers include large post-acute care organizations with over one hundred individual sites as well as independent facilities. HealthTech was recently acquired by HealthLand, an electronic health record (EHR) vendor that is exclusively focused on rural health care providers (HCPs).

The HealthTech representatives made the following observations:

Effect of the PPACA: The HealthTech representatives observed that the Patient Protection and Affordable Care Act (PPACA) is increasing incentives for hospitals and SNFs to work together. The PPACA penalizes hospitals with high readmission rates and so gives hospitals an incentive to improve their patients' post-acute care. Moreover, SNFs have an incentive to increase hospital referrals to them of post-acute patients. Post-acute patient stays are often covered by Medicare, but long-term stays are more likely to be covered only by Medicaid. SNFs prefer a higher ratio of Medicare to Medicaid patients because Medicare reimbursement is more profitable for SNFs. Therefore a SNF will want to maintain good relationships with its referring hospitals so that those hospitals will continue to refer post-acute patients to it. Thus, because SNFs want to maintain strong relationships with hospitals, they want to demonstrate that they can be good partners in the hospitals' efforts to decrease readmission rates and so avoid PPACA penalties.

Telemedicine: The HealthTech representatives discussed the potential for telemedicine to improve SNF care. HealthTech stated that telemedicine is the next big frontier in post-acute care. According to HealthTech, telemedicine has a great potential to reduce readmission rates and is therefore receiving more attention since the passage of the PPACA. Although the Center

for Medicare and Medicaid Services (CMS) does not yet reimburse HCPs for many services provided via telemedicine, the potential to reduce readmission penalties with telemedicine is so great that some EHR vendors, such as AthenaHealth, are starting to integrate telemedicine technologies into their software anyway.

Difficulties with Integrating EHRs: The HealthTech representatives discussed the difficulty of integrating SNF and hospital EHR systems. SNFs and hospitals operate very differently and EHRs designed for hospitals are not always optimal for SNFs. Because of these differences and because of a lack of emphasis on interoperability by regulators prior to the recent health care reform, SNFs and hospitals have developed different EHR systems. Even when SNF and hospital EHRs are produced by the same vendor, they are often not interoperable. To further complicate matters, EHR vendors have not often made their systems interoperable with those of other EHR vendors, even within the same setting (*i.e.* EHRs made by one vendor for use in hospitals are not compatible with hospital EHRs produced by another vendor). HealthTech stated that it can take five to eight years to integrate EHRs.

The Drive to Integrate EHRs: The HealthTech representatives also discussed the increasing drive to integrate EHRs across the SNF and hospital settings. HealthTech stated that there is great interest in increasing interoperability and that their customers are frequently asking questions about hospital-SNF EHR integration. This trend toward integration has prompted some EHR vendors to help fund some SNF-hospital integration. HealthTech feels that its recent acquisition by HealthLand puts the two companies into a favorable position, as they will have an advantage producing an integrated hospital-SNF EMR. They are in the process of developing some features to allow SNFs and hospitals to better exchange information relating to readmission rates.

Problems with the Pioneer ACO Program: The HealthTech representatives discussed some of the problems with CMS's Pioneer Accountable Care Organization (ACO) program. The PPACA directed CMS to establish programs encouraging the formation of ACOs. HealthTech explained that ACOs are groups of HCPs that agree to work together to improve care and reduce costs and link their CMS reimbursement to group achievement of cost reduction and quality care goals. The Pioneer ACO program was one of the first ACO programs established by CMS. The HealthTech representatives discussed why some Pioneer ACOs are discontinuing their participation in the program. HealthTech stated that important factors in the decisions of some Pioneer ACOs to drop out of the program are (1) the difficulty of integrating EMR systems; (2) the difficulty of controlling patient outcomes when Pioneer ACO patients are free to seek medical care outside of the ACO; and (3) a lack of sufficient CMS funding for Pioneer ACO efforts.

Hospital-SNF Integration Outside of ACO Programs: The HealthTech representatives observed that although some Pioneer ACOs are dropping out of the CMS program, other integration is occurring without CMS support. HealthTech stated that SNF-hospital integration is occurring in various parts of the country in part in order to reduce hospital readmission rates. These networks are sometimes called "accountable care communities."

Forming a Hospital-SNF Partnership: HealthTech encourages its customer SNFs to reach out to hospitals and form health information exchange networks, because, HealthTech advises, the

terms of the hospital-SNF relationship will be better for the SNF if the SNF makes the initial overtures. This is because SNFs, at least in urban areas, are competing with one another for hospital referrals, so hospitals often have more power in the SNF-hospital relationship.

SNF Specialization: SNFs are beginning to specialize in certain types of post-acute care patients (*e.g.* cardiac, orthopedic, etc.). HealthTech stated that desire to reduce readmission rates is improving patient care by discouraging SNFs from taking patients that they do not have the expertise to effectively treat.

Hospital Funding for SNF Connectivity: The HealthTech representatives discussed the possibility of hospital funding for SNF broadband connectivity. HealthTech stated that they are not aware of any cases in which a hospital has funded broadband for a SNF which it did not also own. However, they said that there is a growing trend for hospitals to purchase SNFs. This trend is driven in part by a desire to lower hospital readmissions and to improve the transition and coordination of care. Hospitals believe that they will have more success improving quality of care in the SNFs they refer patients to if they own the SNF.

Unique Situation of Rural SNFs: The HealthTech representatives discussed several differences between rural SNFs and SNFs in urban areas. Rural SNFs face less competition from other SNFs, and so often have more power in their relationships with hospitals. Also because rural SNFs lack competition, they may be less likely to specialize in certain types of post-acute care. Furthermore, rural SNFs are less likely than urban SNFs to have choices about what telecommunications service they purchase. Telecommunications options available to rural SNFs are often lower quality and less reliable than those available in urban areas. HealthTech has found that the barrier preventing many rural SNFs from obtaining higher quality broadband is not the cost of such services but rather the difficulty of getting higher speed telecommunications infrastructure connected to the SNF facility.

HealthTech referred the Commission staff to several relevant articles available on the HealthTech website, <http://www.healthtech.net/>. These articles are listed here and are attached:

- Attachment 1: Accountable Care: Implications for Managing Health Information (White Paper)
- Attachment 2: Electronic Health Record (EHR) Solutions LTPAC Providers Need Today (White Paper)
- Attachment 3: Connecting Our World: How Interoperability is Redefining the New Era of Healthcare and Producing Better Outcomes (Report)
- Attachment 4: Moving Hospital Partnerships Forward: Nine SNF Executives from Across the Nation Speak Out (Roundtable)
- Attachment 5: Alliance Nursing Centers (Case Study)
- Attachment 6: Fast, Accurate, and “Matching” Meds (Case Study)
- Attachment 7: Omnilife Health Care Systems (Case Study)
- Attachment 8: Delivering on a Mission: How Presbyterian Homes & Services of Kentucky is taking outcomes to new heights with full EMR – and across the enterprise (Case Study)

- Attachment 9: Deep Paperless EMR: An Award-Winning Pennsylvania Provider's Journey to Create Efficiencies, Eliminate Deficiencies, and Free Hands For Care (Case Study)
- Attachment 10: From Faxes to Fast Service: Agapé Senior streamlines pharmacy management, boosts efficiency, speeds service for residents (Case Study)
- Attachment 11: Aloha Innovation, Quality, Results: Aloha Nursing Rehab Centre Launches QAPI, INTERACT™, Outcomes Reporting, Wound Management and More (Case Study)
- Attachment 12: Marrinson Senior Care Residences (Case Study)
- Attachment 13: Wishek Home for the Aged Steps Up Quality, Efficiency with EMR (Case Study)

Respectfully submitted,

_____/s/

Linda L. Oliver

Deputy Chief, Telecommunications Access Policy Division, Wireline Competition Bureau

Attachments